**Bailout package for banks**

162. SHRI K.R. MALKANI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are working on a Rs. 1500 crore bailout package for three banks as per the news items appearing in the Hindustan Times, dated the 4th August, 1999;

(b) the reasons for these banks running into such heavy losses; and

(c) the names of bank officers and borrowing parties involved in these loss-making transactions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Government is not working on a bailout package of Rs. 1,500 crores for three public sector banks. It is to be mentioned that a working group constituted by the Reserve Bank of India (RBI) submitted a report to RBI recommending certain measures for rehabilitation of three week banks, namely Indian Bank, Uco Bank and United Bank of India.

(b) While the United Bank of India posted net profit in the last two years, the other two banks reported losses. In the case of Indian Bank, provisions for non-performing assets (NPAs) additional provisioning done on account of short provisioning done by the Bank for NPAs during the previous years, provisioning for investment on account of increase in the YTM (Yield to Maturity) and payment of arrears on account of wage revision were the significant reasons for the losses. In case of these banks, while a high level of non-performing assets have contributed to the losses, other reasons include, inter alia, high administrative and operational expenses, high cost of deposits, low productivity, large number of loss making branches and non-adoption of technological updating to the required extent.

(c) As advised by the Reserve Bank of India (RBI), all the commercial banks including the above three banks have laid down their new loan policy, loan recovery policy, investment policy and

other policy documents duly vetted by the Board of Directors. Banks operate through branches, regional offices, zonal offices and head offices. Various functionaries are delegated powers for granting credit facility as per the loan policy. As a very large number of decisions are taken by the functionaries at various levels keeping in view the large number of branches spread throughout the country, the efforts put in the compilation of such information would not be commensurate with the result sought to be achieved. Further, as per the loan recovery policy, staff accountability is also looked into as and when the compromise proposals for settlement and write-off are considered. It may also be mentioned that accounts turn into loss assets for one or more of a number of reasons, not all of which are attributable to any deficiency on the part of the official sanctioning the loan. Moreover names of the borrowers generally cannot be disclosed keeping in view the secrecy provisions relating to banking transactions. However, list of borrower accounts against which banks and financial institutions have filed suit for recovery of funds of Rs. one crore and above indicating position as on 31.3.99 has been placed in the Parliament Library.

**Strategy paper for disinvestment target**

163. SHRI A. VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have prepared any stragegy paper for meeting the Central Government's disinvestment target;

(b) if so, the details thereof; and

(c) the details regarding the main Public Sector Undertakings which are going for disinvestment programme in the current financial year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) The Disinvestment Commission has made a large number of recommendations. Govt. has considered those recommendations. It has been decided to disinvest a portion of Government held equity in various PSUs including VSNL, GAIL, MTNL, HTL, IPCL, BALCO, IOC, Modern Food Industries Ltd. etc.